



DOUGLAS Library



QUEEN'S UNIVERSITY
AT KINGSTON

Presented by
Dr. A.R.M. Lower. 1965.

KINGSTON ONTARIO CANADA

AN

A D D R E S S

TO HER ROYAL HIGHNESS THE

PRINCESS CHARLOTTE,

ON HER MARRIAGE :

SHewing THE CAUSE OF THE DISTRESS OF THE COUNTRY,
AND POINTING OUT A SAFE AND EFFECTUAL REMEDY.

ORIGINAL.

1816,

172

LETTER

TO THE

PRINCESS CHARLOTTE.

MAY IT PLEASE YOUR ROYAL HIGHNESS,

IT must afford you peculiar gratification to observe how much joy your marriage has diffused throughout the country. You have had an opportunity of personally observing this sentiment pervading a large and mixed concourse of the inhabitants of the metropolis, and you can form some judgment, whether it spring from adulation merely on account of your exalted rank, or whether it was not produced by some stronger motive. I believe it to be the latter: a sentiment has gone forth through the country, that your young and ingenuous mind has conceived a strong impression in favor of the rights and liberties and happiness of the people; and it is part of the disposition of the people of England, to be overflowing in gratitude to their superiors, when they believe them to be sincerely attached to their liberties and welfare. Why, when the Duke of Portland gained his law-suit, did every poor cobbler in London put a rush-light in his stall to illuminate; but because he believed the Duke of Portland was a sincere protector of those rights and liberties upon which the happiness of the people must always depend.

Under this impression in your favor, the great mass of the people of this country did sincerely rejoice when they heard that it had fallen to your good fortune, considering your station, to marry a man of your own choice, and thereby to have so fair a prospect of enjoying the highest degree of private felicity.

Public opinion is of course made up of the sentiments of individuals, and I shall therefore tell you with great simplicity the sentiments of the very humble individual who is now addressing you

In common with many others, he had conceived the opinion, that you entertained sentiments highly favorable to the liberty and happiness of the subject; and, so believing, he has participated keenly in every thing wherein your happiness was at stake; and having determined in some shape or other to lay before his fellow-subjects his reflections as to the cause of their distress, and the remedy that should be adopted, as soon as he understood that you had had the good fortune to secure the best hope of happiness, he began the subject of this publication, intending it as an address of congratulation on your marriage—an address differing perhaps from many that you will receive; but he hopes not the less respectful, because it lays plain truths before you concerning the state of the country; and points out a safe and effectual remedy for its relief, and at the same time enables you in a short and summary manner, in your retirement, to give him who has been the object of your choice, some notion of the situation of this country, upon which so much of your future happiness may depend, (for in the station which in all human probability you are destined to fill, great private happiness may be marred by great public misery;) and in this shape he believed, that his reflections, such as they are, and formed in complete seclusion among the mountains of Scotland, might be most usefully laid before the public.

Accept then, Madam, this my humble endeavour to bring into a short compass the various points which now agitate the public mind—in that, and that alone consists the merit of the work. If it shall be found worthy of notice, it will probably be continued upon this and other subjects connected with the history, law and constitution of the country, in the same popular and familiar manner; for he that writes, will always have pleasure in writing, when he knows that what he writes affords instruction or entertainment to those who read; and thus these few pages may be the parent of a longer book, dedicated to your service.

I pray you to consider the author as one of the manufacturers of the country, sending you as a marriage present the fruit of his labor; and if his voice could be heard, every manufacturer in the kingdom should send you the same, however trifling in value, with this sentiment engraven or worked in the body of the piece.

Remember the words of your father, “that the crown is a trust for the benefit of the people.” Remember the words of your uncle, the Duke of Sussex:

“I cannot consider any government as a proper one, which does not exist in the affection and confidence of the people over whom it rules.”[†]—and above all remember with pride the foundation of the title of your family to the throne; and respect the rights and liberties of the people, *and they will love and remember you.*

[†] Speech on the Duke of Bedford's motion, 12th March, 1816.

These, may it please your Royal Highness, are the plain and honest sentiments of an humble but loyal individual, who invokes upon your head and upon that of the Prince you have chosen, the best blessings that heaven has in store, and who has the happiness to subscribe himself

AN ENGLISHMAN.

STATE OF DISTRESS.

WHAT person is there who has been "born and bred amongst us, and who glories in the name of Briton,"—who has fondly read of the liberty and prosperity of his country under the immortal Alfred, under Edward the First, or of its power and prosperity under Queen Elizabeth, or even under Oliver Cromwell; to say nothing of the millenium of England's liberty and happiness during the reigns of William the Third, of George the First, and George the Second; but must feel appalled in bearing and reading of nothing but of the distress—the deep distress, of this same country.

That a state of distress has existed in England, unparalleled in its history, has been proved beyond all doubt. It is universally admitted,

That thousands and thousands of acres of land have been thrown out of cultivation.

That numerous parishes have actually been deserted and left waste.

That freehold estates have been sold under the authority of the Commissioners of the Property Tax, to obtain payment of that tax.

That in the most improved parts of the South of England—those which used to be called the garden of England, the whole of the laborious population, without distinction, have been in some parishes thrown as paupers upon the parish for support, and then hired out from the parish by the farmers and such as have need of their work, at sixpence a day.

No wonder therefore that this subject should be occupying the thoughts and pens of many persons in a country possessing so much intelligence and general information as that of Great Britain.

Among the different late publications that I have read, not one appears to me so candid and important as that of my old friend, Mr. Preston, who is now at the head of his profession at the English bar, as a property lawyer; and also a member of the House of Commons. I know him to be a man of the greatest worth and

the highest integrity, and that he is consulted in his profession by the first Noblemen and Gentlemen in England: and it is therefore with the greater pleasure and confidence that I shall quote such of his opinions as bear upon the present inquiry. He begins what he has entitled "*a Review of the present ruined condition of the Landed and Agricultural Interests,*" in the following manner:

"When a ship is in danger, it is the duty of every one on board, whether a mariner or a passenger, to afford his most strenuous assistance to preserve her from the violence of the storm and from becoming a wreck! And the man who quits his post while there is any chance of saving the ship, deserves every reprobation; and in general the person who under these circumstances deserts his station, falls, as he deserves, a sacrifice to his cowardice or to his selfishness.

"That which is true of a ship in a storm, is equally just when applied to a state, laboring either in the storm of revolt or of insurrection; or that which is equally to be dreaded, the consequences of revulsion, arising from a system of error, or a system, which, however beneficial at its commencement, has been carried to an injurious excess.

"The following observations are not dictated by party spirit; either by favor to statesmen of one class, or by opposition to those of the other class. The times are too important, and too much depends on wise and prompt measures, to make it warrantable in any man to promote his own views, or to gratify his own wishes. His sole attention should be directed to the public welfare; and every man, however humble his station, and however moderate his abilities, ought to afford his assistance most cordially and earnestly to discover the source of existing evils, and the remedies best adapted to them.

"It is in vain, nay even wicked, in cases like those to which these observations relate, to apply palliatives. Radical evils must be met by more direct and more skilful means. While the empiric will be content with healing the external wound, the skilful physician will ascertain the cause of the disease, and give to the system that change, according to the nature of the malady, which is best calculated to effect a permanent cure, and to establish general health in the constitution.

"Whoever looks around him at the present moment, and views the distresses in which the country is involved, from the inability of a large part of the population to answer the demands of government; whoever examines the great change that has taken place in the condition of a large part of the community—hurled from wealth to poverty; from affluence to distress; whoever inquires into the fact, and finds that taxes are levied from a considerable part of the people by means of legal process; or whoever finds, as the

fact is, the poor are increasing daily in number, while the ability of the persons who are by law bound to contribute to their maintenance is diminished; whoever shall know, as the fact is, that a large part of the community are in want of employment, though willing to labor; and that their former employers are unable to afford to pay their wages; that even fifty men are to be met in different parishes asking for employment, and urging it to be the interest of the farmer, rather to pay them for actual labor than to pay them in a state of idleness from the poor rate, while the farmer, though convinced of the justice of the appeal, is totally unable to meet this appeal to his interest; farther, that a large portion of that industrious part of the community, the little farmers, (the favorites of the ancient system,) with their large families, (the best hope of the state and most virtuous part of the community,) are ceasing to be farmers from necessity, and becoming pensioners on the poor rate; while in some townships the persons who formerly contributed to the poor, are appealing for relief on the ground of their own poverty; and numbers of them obliged to abandon the cultivation of their farms, are become burdens on those parts of the parish which alone are cultivated; thus taxing the industry of their neighbours, and hastening them to the same extremity of ultimate indigence—must admit there is something wrong in the system, and that necessity, and not the spirit of complaint and disaffection, imposes the duty of examining into these evils, that they may be understood and fairly met.

“The person who supposes this picture to be overcharged will find himself mistaken. As far as extensive and diligent inquiry and research, and communications from different districts and from persons of the highest respectability, residing in counties distant from each other, have afforded information to the writer of these observations, the picture is not colored too high! all these evils exist in a greater degree than he has painted them; particularly in Ireland and in Wales, and some of the Western counties, and even in Norfolk and other improved districts. In some places the lands are actually deserted, and growing no other crop than weeds. In Huntingdonshire, it is said, that a circuit of 3000 acres is abandoned; and in other places, and in some not far distant from the metropolis, the like occurrences may be found; and many prudent proprietors of the soil are content to forego their rents rather than suffer their farms to be untenanted and thrown out of cultivation and the labourers deprived of employment, and the poor of their allotted means of support.

“Are these evils unexpected? certainly not, by the writer of these observations. He anticipated and predicted them, and humbly endeavoured, as far as it was in his power, to lead the country to a different result! Are the community benefited by that cheap price

of the necessities of life they deemed so essential to their happiness and comfort? It is confidently believed they are not. Our home manufacturers—our tradesmen—and various other classes of the community, are now convinced that they cannot ruin the agricultural interest, by reducing the prices of corn and provisions below the expense of growing them; or annihilate the rents of the proprietors of the soil, without partaking in their ruin; and that cheap bread is no blessing to those who are deprived of the means of earning by their labor or their industry, that quantity of it which is necessary for the subsistence and support of life.”

Indeed such is the notoriety of this distress, that the first of a string of resolutions, lately proposed to the House of Commons by an honorable member (Mr. Western), is the only one that was unanimously admitted by the House, and which is in these words:

“That the agricultural interest, and the commercial interest connected with it, were plunged into a state of unexampled distress, which demanded relief from Parliament.”

One of the most singular features in the present state of distress to be seen in this or any other country of the world is, that thousands have suddenly fallen and daily continue to fall from a state of competency and even of affluence to a state of absolute indigence; and that without any imprudence or fault of their own, and hardly knowing why or wherefore.

Mr. Preston tells us, that “the sale price of property has fallen full one-third; in some instances 50 per cent.: and in some cases, persons who have bought estates and paid half of the price, and given a mortgage for the other half of the price, have been content to abandon their purchase, and to lose that half of the money they had paid.” An estate for which 140,000*l.* was offered two years ago, is now on sale for 80,000*l.*; and the person who offered 140,000*l.* will not give more than 70,000*l.* In Norfolk alone, landed property to the value of one million and a half, is on sale without buyers, for want of money.”

These are facts given us by a man of great practice, as having fallen under his own observation. To suppose that such extraordinary circumstances can arise from any of the common causes, bespeaks great ignorance of the subject, and of the history of this country.

It will appear I think to demonstration, that the present extensive state of distress in England, arises chiefly from the sudden change that has taken place in the circulating medium of the country.

If this is the case, the question will naturally occur—how comes the circulating medium of the country to be in such a state as to be subject to so sudden and ruinous an alteration? It happens to me to have heard from the lips of the late Lord Thurlow, in con-

versation, a declaration, not lightly made, to this effect,—“that he never could understand the business of money.”

When such a man as Lord Thurlow did not hesitate to make such an avowal, we may easily conceive that the subject is likely to be enveloped in some difficulty or mystery: and so in fact it is.

My humble opinion is, from all I have heard, read and thought upon the subject, that the violent alterations which we have lately seen in the circulating medium of the country, originated at first from a fundamental blunder in administration, arising, as one must suppose, from a total ignorance of the effects of a system new to our history and constitution, called the Funding System. I shall state the grounds of this opinion, and shall endeavour to make the whole as plain and as short as possible; at the same time referring to the best authorities that I am acquainted with for every thing I advance.

To begin then with the history and nature of the Funding System.

This system never was heard of in England till so late a period as the reign of William the Third; and although I shall endeavour to make this part of the subject as short as possible, inasmuch as it has been treated of a hundred times before, (and therefore such of my readers as are familiar with it, may go at once to the head of CIRCULATING MEDIUM and the REMEDY;) yet, I am persuaded, that many persons will be glad to have the nature and progress of the National Debt, and those things immediately connected with it, brought concisely before them.

The Funding System began about two years after the Revolution of 1688. I do not mean, as some have done, to impute the mischiefs of this funding system, to the wise and virtuous men who were the actors in that great event, nor to the king himself; after whose name, I shall always follow the good old fashion that prevailed long after he was dead and gone, to add the appellation “of glorious memory,” for never did any king, in my humble opinion, deserve it more.

In the year 1692, in order to maintain a war against the King of France, who had undertaken to impose upon the people of England a king, who they had resolved should not reign over them, however great and undisputed his title to the throne might be by right of birth, an act of parliament passed, namely the 4th of William and Mary, c. 3, to authorize the raising of one million of money.

It is entitled an act for granting to their Majesties certain rates and duties of excise upon beer, ale and other liquors, for securing recompences and advantages mentioned in the act, to such persons as shall voluntarily advance the sum of Ten Hundred Thousand pounds towards carrying on the war against *France*.

It recites, “that the Parliament was sensible of the great and

necessary expenses in which their Majesties were engaged, for carrying on the war against the French King; and that it was desirous to supply the same in such manner as may be least grievous to the subjects;" and it enacts "that for the encouragement of such persons as shall voluntarily contribute to the advancing and paying into the King's Exchequer, any sums of money not exceeding one million, an additional excise upon beer, ale and other liquors shall be levied and granted for 99 years: and that the sums so levied and paid into the Exchequer, should be a yearly fund for the several purposes expressed in the act." (Hence it was called the Funding System.)

"That out of this fund, the sum of 100,000*l.* yearly, until the year 1700, be separated and kept apart, as the yearly fund to be divided amongst the persons contributing to the raising the said million; and that after 1700, out of this fund 70,000*l.* be yearly kept apart as the yearly fund to be so divided; that any person who would become a contributor, may advance 100*l.* at the least, for which sum, he is to name to the auditor of the Receipt his own or some other life, that is for each 100*l.* during which he should be entitled to receive a share or dividend of the said yearly Fund, as thereafter is expressed." (Hence the interest of debt came to be called Dividends.)

"That books were to be kept of the names of the contributors and nominees, and of the sums contributed." (Not at the Bank of England, for at this time there was no such thing; but at the Treasury.)

"That such contributor upon payment of his money, should have a tally, importing the receipt of the money, for which he was to receive one or more shares or dividends of the said yearly fund, during the life of the nominee, with an order for payment thereof, signed by the Commissioners of the Treasury: and the said yearly funds were to be divided according to the proportions of the contributors half-yearly, in June and in December. That upon the death of each nominee, his share should be equally divided amongst the rest of the contributors whose nominees were living, until there should be but seven nominees remaining; after which time there should be no more advantage of survivorship, but upon the death of every of the said seven nominees, a seventh share of the said yearly Funds should be answered to the use of the King.

"Any contributor to have power to devise his interest by will, or to assign it.

"That if the whole sum of one million was not advanced before the 26th of June, 1693, it should be lawful for his Majesty to borrow by way of loan any sum of money which with what had been advanced upon the aforesaid terms, should not exceed the

¹ Continued for ever by 1 Geo. I. c. 2. s. 8.

said million: which sums so taken by way of loan might be charged upon the credit of the King's *Exchequer*, in general, and tallies of loan or orders of repayment should be levied, and such orders to be assignable and transferable from one person to another." (Hence the origin of Loans—hence transfer of Stock.)

"That any monies lent by or payable to any persons by virtue of the act, should not be chargeable with any rates, duties or impositions whatsoever."

From this small beginning of one million, with taxes laid on certain articles, and mortgaged to pay the interest, sprung that mighty monster the National Debt, which now, in a little more than one century, amounts to about *One Thousand Millions*.

It is not necessary to stop here to vindicate in the ample manner in which it may be done, the Legislature of that time; as well might any prudent ancestor who, either for the improvement of an estate (suppose of 5000*l.* a-year), or for the purpose of saving it in a law-suit, should have laid a debt of 1000*l.* upon it, be blamed for this, because his extravagant posterity from the facility of borrowing, had increased this debt to the enormous amount of 100,000*l.* Neither can it be supposed that the Legislature of that day had in their contemplation such enormous increase to the influence and power of the ministers of the crown, when they refused this their favorite king and benefactor his anxious and repeated application, nay it may be called supplication, to be allowed after the war was over, to retain in his service a handful of those brave men who had fought by his side in all his battles, (I believe about 1000 men); so jealous were they of the power of the crown.

When, however, the amount of this National Debt began in the reign of Queen Anne to assume what was then thought a serious aspect, it drew to it the attention of one of the deepest and ablest of our political writers; of a man who for the four last years of that reign, lived in the closest habits of private and political intimacy with the Prime Minister; and who is now universally allowed to have been perfect master of the state of the country, and of every act of the government of that day. I mean the celebrated Dean Swift. Now it is most curious as well as most important to observe how the penetrating eye of this great statesman (for so he was) foresaw the effects and consequences of this their newly invented Funding system.

In his history of the four last years of the Queen, he says, "By all I have yet read of the history of our own country, it appears to me, that the national debt, secured upon parliamentary funds of interest, were things unknown in *England* before the last revolution under the Prince of *Orange*. It is true that in the grand rebellion, the King's enemies borrowed money of particular persons,

¹ Robert Harley, first Earl of Oxford and Mortimer.

upon what they called the public faith ; but this was only for short periods, and the sums no more than what they could pay at once, as they constantly did. Some of our kings have been very profuse in peace and war, and are blamed in history for their oppressions of the people by severe taxes, and for borrowing money which they never paid ; but national debts was a style which, I doubt, would hardly then be understood. When the Prince of *Orange* was raised to the throne and a general war began in these parts of *Europe*, the king and his counsellors thought it would be ill policy to commence his reign with heavy taxes upon the people, who had lived long in ease and plenty, and might be apt to think their deliverance too dearly bought ; wherefore one of the first actions of the new government was to take off the tax upon chimnies, as a burthen very ungrateful to the commonalty."

" But when this expedient of anticipations and mortgages was first put in practice, artful men in office and credit began to consider what uses it might be applied to ; and soon found it was likely to prove the most fruitful seminary, not only to establish a faction they intended to set up for their own support, but likewise to raise vast wealth for themselves in particular, who were to be the managers and directors in it. It was manifest, that nothing could promote these two designs so much as burthening the nation with debts, and giving encouragement to lenders : for, as to the first, it was not to be doubted, that monied men would be always firm to the party of those who advised the borrowing upon such good security, and with such exorbitant premiums and interest ; and every new sum that was lent took away as much power from the landed men, as it added to theirs : so that the deeper the kingdom was engaged, it was still the better for them. Thus a new estate and property sprung up in the hands of mortgagees, to whom every house and foot of land in *England* paid a rent charge, free of all taxes and defalcations, and purchased at less than half value : so that the gentlemen of estates were, in effect, but tenants to these new landlords ; many of whom were able, in time, to force the election of boroughs out of the hands of those who had been the old inhabitants and proprietors."

" But the war continuing, and growing more expensive, taxes were increased, and funds multiplied every year, till they have arrived at the monstrous height we now behold them ; and that, which was at first a corruption, is at last grown necessary, and what every good subject will now fall in with, although he may be allowed to wish it might soon have an end ; because it is with a kingdom as with a private fortune, where every new incumbrance adds a double weight. By this means the wealth of the nation that used to be reckoned by the value of land, is now computed by the rise

and fall of stocks : and although the foundation of credit be still the same, and upon a bottom that can never be shaken, and although all interest be duly paid by the public ; yet, through the contrivance and cunning of *stock-jobbers*, there hath been brought in such a complication of knavery and cozenage, such a mystery of iniquity, and such an unintelligible jargon of terms to involve it in, as were never known in any other age or country in the world. I have heard it affirmed by persons skilled in these calculations, that if the funds appropriated to the payment of interest and annuities were added to the yearly taxes, and the four shilling aid strictly exacted in all counties of the kingdom, it would very near, if not fully, supply the occasions of the war ; at least such a part as, in the opinion of very able persons, had been at that time prudent not to exceed. For I make it a question, whether any wise prince or state, in the continuance of a war, which was not purely defensive, or immediately at his own door, did ever propose that his expense should perpetually exceed what he was able to impose annually upon his subjects ?” Such was the opinion of Swift¹ when the debt amounted to only 50 millions.

It will here be right to take a general view of the progress of this national debt. We have seen that this funding system did not commence till immediately after the revolution in 1688, and that at its commencement it did not exceed one million.

In the year 1697, that is at the peace of Ryswick, after the termination of that war in which King William was engaged, in resisting the pretensions of the King of France to impose upon the people of England a king whom they had declared they would not suffer to reign over them, and who in the parliamentary language of that day had “*abdicated*,” or as it was said by the Scottish parliament, had *forefaulted* the throne : at the end of this war, namely, in the year 1697, the national debt amounted to 21 millions and a fraction. I shall not detail fractional sums, because the mind is not so easily carried along in an address of this kind by minute computations as by round numbers. Here for instance the exact amount was 21,515,742l. ; but it is much easier to carry in our minds that it amounted to upwards of 21 millions. During the peace which intervened between 1697, and 1701, being not quite four years, the great wisdom and prudence and economy of those ancestors of ours, who have been so traduced as the authors of this national debt, although they were at the same time the founders of the liberties of the country, reduced this debt of 21 millions ; which when compared with the debt of the

¹ Mr. Sheridan’s life of this extraordinary man, which is as entertaining as a novel, should be read by every person in high station.

present day is as a mole hill to a mountain; yet such was their patriotism and economy, that, in these two or three years of peace, they actually redeemed upwards of five millions of this then insignificant debt, not by any schemes of sinking funds, which I shall shew hereafter in these our days cut like a double-edged sword; but they actually *paid off, cancelled, and extinguished* upwards of five millions of debt; so that when Queen Anne came to the throne in 1701, this debt of 21 millions was reduced to a debt of sixteen millions, 16,394,701, at the peace of Utrecht in 1714. This, it will be recollected, was the peace that put an end to that war, which, though crowned with so many victorious battles of the Duke of Marlborough, was thought so expensive. The national debt amounted to 53 millions, 53,681,076.

During the peaceful reign of George the First, and to the middle of the reign of George the Second, 7 millions of this debt was extinguished, and at the commencement of the War, in 1740, the amount of the debt was 46 millions, 46,449,563. At the peace of Aix la Chapelle in 1748, the debt was 78 millions—78,293,313.

During the peace from 1748 to 1756, 6 millions was extinguished, so that at the commencement of the second war in the reign of George the Second, that is, in the year 1756, the debt amounted to 72 millions—72,289,673. At the peace of Paris in 1763, the debt amounted to 133 millions—133,959,270. From that period to the year 1775, at the commencement of the American war in the present reign, 11 millions of this debt was extinguished, so that when the American war began in 1775, the amount of the debt was 122 millions—122,963,254. At the peace of Versailles, which was at the end of the American war in 1783, the funded debt amounted to 238 millions—238,231,248.¹ During the peace from 1783 to 1793, 10 millions of this debt was extinguished, so that at the commencement of the French war in 1793, the debt was about 227 millions—227,989,143. At the peace of Amiens in 1802, the funded debt was 499 millions—499,753,063. Nothing was extinguished during this peace, for the reasons which will be given when we come to treat of the sinking fund.

The amount of the debt at the end of the last war, or, as we may say, at present, is from 800 to about one thousand millions. Total of unredeemed funded debt on Aug. 1st, 1815, according to accounts laid before parliament—808,046,218.18.3 $\frac{1}{4}$.

Such from the small beginning of one million, little more than a century ago, has been the progress, and now enormous and over-

¹ These sums are taken from Hamilton's Tables; but as they are given as the amount of the funded debt without including the value of life annuities, perhaps 20 millions ought to be added in this instance.

whelming amount of this national debt. Although I do not consider it necessary at present to go through all the detail of the different laws that have been made in relation to this debt, it is proper to observe that in the early stages of it, and when in fact the amount of it was very inconsiderable, the debt was not reduced to any regular form, and that at first taxes were imposed for a limited number of years for the express purpose of discharging the debt altogether. This not having been effected, the taxes were afterwards made permanent.

At the commencement also loans were raised at high interest upon annuities for lives.

Afterwards, however, this principle was much departed from, and "most of those annuities which at present amount to a large sum, have been granted as a collateral advantage to the public creditor, who received the greater part of his recompence in 'a stock or government security' bearing interest at three, four, or five per cent.

"Annuities for lives have some times been granted upon schemes called Tontines, in which the benefit of survivorship is allowed.

"Another collateral advantage has sometimes been granted to the public creditor, (that is to the person who lends his money to the government,) from Lotteries."

Those who are not acquainted with this subject, will understand that the public creditor has no right to demand payment of the principal sum, which he lent to the government, except in the case of what was called the loyalty loan, and which is the only exception.

All that he has a right to demand is the annual payment of the interest which is called the dividend. If he wants to realize or regain the capital sum which he has advanced, he must take his chance of getting some other person to purchase of him the right he has to so much interest at what is called the market price of the day; for as there is now a daily trading in these government securities to a great extent, a person wanting to sell his right can always find a purchaser at the market price. If this is higher than when the creditor first lent or advanced his principal, he will be a gainer, and if lower he will be a loser.

I hope to be excused by those of my readers, to whom this part of the subject is as familiar as it is to myself; but to persons who are not accustomed to dealings and transactions in the government securities, or, as it is called, in the stocks, or to the "unintelligible jargon of terms, in which," as Swift says, "they are involved," such explanations will not be unacceptable.

We read every day in the newspapers the price of stocks. To a person unacquainted with the language of the Stock Exchange, which is peculiar to itself, all this must be as unintelligible as if it were written in Greek.

As for instance, we read, with the different prices annexed in figures,

Bank Stock.
 3 Per Cent. Consols.
 3 Per Cent Reduced.
 4 Per Cent.
 5 Per Cent.
 Long Annuities.
 Omnium.

These are all classes of the different government securities created by acts of parliament, by which these different names are given, some paying 5 pounds a year for each nominal 100, some 4, and some three. That which is called *Omnium*, a latin word signifying, "of all," means stock of all these different classes, which is what the original lender to government or, as he is called, contractor for the loan, generally takes as his security, and when he sells it, as he always does as fast as he can, it is called selling *Omnium*, or *Stocks of all classes*. If the market price of the day is higher than when he contracted for the loan, *Omnium* is said to be at a premium or profit, if lower, it is said to be at a discount or loss.

"Instead of assigning a principal sum to the public creditor, equal to the sum borrowed and a rate of interest which it could be procured for, according to the circumstances of the times, the practice has generally been to fix upon a low rate of interest, and assign to the public creditor a nominal principal sum larger than the sum borrowed. The greater part of the loans has been made in funds bearing 3 per cent interest on the nominal principal sum."¹

Thus, for instance, when the stocks are at 60, the market price of the present time or thereabouts, if a person lends 60l. upon government securities, a principal sum of 100l. in a stock called the three per cent. consolidated annuities, will be assigned to him, with right to receive three pounds a year out of the taxes, and with right to transfer this assignation to any other person he pleases; but with no other right whatever.

"In the early part of the funding² system, a separate account was kept of each loan, and of the tax imposed for payment of the interest. This method was afterwards found inconvenient, as the produce of some of the taxes fell short of the expected sum, while

¹ Hamilton.

² Id. 64.

that of others exceeded it, and the multiplicity of funds produced confusion. This gave occasion, soon after the peace of Utrecht, to unite the various branches of the revenue into a few hands. The *aggregate fund* was established in 1715, and the South sea and general funds in the following year. To each of these funds a variety of branches of revenue (that is, the produce of certain taxes) were appropriated, comprehending altogether the whole revenue existing at the time, except the land tax and malt tax of sixpence per bushel, and the branches then appropriated to the support of the civil government; and each of them were charged with the payment of certain annuities then due to the public.*

"The amount of the National Debt has been increased by other means besides those which are commonly called loans. Exchequer bills and navy bills have been funded to a great extent: that is, instead of paying these bills a nominal sum in one or more funds has been assigned to the holder of such bills, on such terms as they were willing to accept of."†

Thus I have endeavoured very briefly to give those, to whom this subject may not be familiar, some idea of the nature of stocks or government securities, as well as of the origin and progress of the National Debt.

I shall now call the attention of the reader very shortly to the origin and history of the Bank of England.

No such thing as bank notes, and no such company as that of the governor and company of the Bank of England, existed previous to the revolution in 1688, nor even till four years afterwards. It has been shewn that no such thing as a National Debt, or Funding System existed before the revolution, and that it originated in an act of parliament that was passed in 1692, being the fourth year of the reign of William and Mary: so also the Bank of England was created by an act of parliament which passed in 1694, being the fifth of William and Mary—c. 20.

It is entitled an act for granting their majesties several duties upon tonnage of ships, upon beer, &c. for securing certain advantages to such persons as should voluntarily advance fifteen hundred thousand pounds towards carrying on the war against France, and it enacts "that out of such duties one hundred thousand pounds shall be set apart as a fund for the use and advantage of the subscribers, and that it should be lawful to their majesties to incorporate all subscribers and contributors to the said sum, to be one body corporate and politic, by the name of the governor and company of the bank of England, but that unless one moiety of this sum was advanced before the 1st of August 1694, no corporation of these subscribers was to take place."

* Hamilton.

Thus it will be remembered, that this Bank of England was erected by Act of Parliament, that it was never intended to be dependent on or even connected with the minister of the crown or the administration, as it is called, of the government of the country for the time being; that the Bank of England had no authority to issue any notes or paper, but such as were payable according to the promise specified in such note or paper in the coin of the country, and upon which, like every body else, they were liable to be sued in the courts of law.

But the Bank of England, which no doubt at its origin was a very wealthy company, must have acquired a prodigious credit from the very nature of its institution, and the distinguished name of the firm under which it traded; and we all know how much great credit may be the means of rapidly increasing wealth. Hence they issued their notes to a much greater amount than any other company could, and derived of course corresponding profits. These notes, being issued by a company, the strength and wealth of which was proverbial throughout the country, and being at any moment convertible on demand into the coin of the country; and becoming as they did, at first on interest, though this was very soon discontinued, circulated with as much confidence as gold and silver, and with much greater rapidity and ease; for many years after the creation of this company the issue of their notes was extremely limited, and it was not until the year 1755 that the Bank of England ever issued any notes under twenty pounds; but at that period when the national debt had made such a gigantic progress as from one million to upwards of seventy millions, and of course required a corresponding annual increase of interest to pay the public creditor, the bank issued notes for 15l.

In perfect evidence and unanswerable demonstration of the issue of Bank notes increasing with the increase of the national debt, before this war ended by the peace at Paris, in 1763, the Bank of England issued notes of 10l.; and the debt had increased from 70 to upwards of 138 millions; and in the beginning of the French war, namely in the year 1794, the bank issued five pound notes, the debt having then increased to 300 millions and upwards, and requiring no less than 12 millions and upwards annually to pay the interest of it.

Here a most remarkable circumstance and coincidence must strike every person acquainted with the history of this period, and with the writers upon finance. In a pamphlet which was published in the year 1796 and which was extremely hostile to the war and the administration of that day, there is a curious prediction in the following words. "But whatever momentary relief or aid the minister and the Bank might expect from this low contrivance of five pound notes, it will *increase the inability* of the bank to pay the higher notes, and hasten the destruction of all; for even the

small taxes that used to be paid in money, will now be paid in those notes, and the bank will *soon* find itself with scarcely any other money than what the hair-powder-guinea-tax brings in. These five pound notes will circulate chiefly among little shopkeepers, butchers, bakers, market people, renters of small houses, lodgers, &c. All the high departments of commerce, and the affluent stations of life were already overstocked, as Smith expresses it, with the Bank notes. No place remained open wherein to crowd an additional quantity of Bank Notes, but among the class of people I have just mentioned, and the means of doing this could be best effected by coining five pound notes. But no new supplies of money can, as was said before, now arrive at the bank, as all the taxes will be paid in paper. What, then, would be the consequence, were the public creditors to demand payment of their dividends in cash, or demand cash for the bank notes in which the dividends are paid; a circumstance always liable to happen?"

In the following year, namely in February, 1797, came out, to the astonishment of the whole nation, that memorable order in council suspending cash payments at the Bank of England, which was immediately afterwards enforced by an act of Parliament only for 50 days, but which upon one ground or another has been kept in force from that time to this, and is now about to be re-enforced again.

In the year 1803 the Earl of Liverpool, father of the present prime minister, a man of great experience, and well known to be a personal favourite of the king, published a letter which he had written to his majesty upon this subject, and in that letter he says: "When the situation of the Bank of England was under the consideration of the two Houses of Parliament, in the year 1797, it was my opinion, and that of many others, that the extent, to which the *paper-currency had been carried*, was the FIRST and principal, though not the sole cause of the many difficulties, to which that corporate body was then, and had of late years, from time to time been exposed, in supplying the cash, necessary for the commerce of the kingdom."

In the month of March 1797, the National debt then growing rapidly towards 400 millions (and after the order in council had been issued to suspend cash payments at the Bank of England), it was found necessary to save the bank from being run upon even for the change of its five pound notes (which it will be remembered had not been issued for so small a sum as five pounds till about three years before), and to make it lawful for the bank to issue notes under five pounds; although this was in the very teeth of the former policy of the country, as declared by Parliamentary enactment.

For in the 15th year of this present reign, an act was passed, chap. 51, entitled "an act to restrain negotiation of promissory notes," &c. And this act recites that "whereas various notes, bills of ex-

change, and draughts for money, for *very small sums*, have for some time past been *circulated* or negotiated in lieu of cash in England, *to the great prejudice of trade and public credit:*" and it enacts that "any promissory or other notes for the payment of any sum of money less than the sum of twenty shillings, shall be void and of no effect." And in the 17th year of this reign, cap. 30, an act passed "for further restraining the negotiation of promissory notes" &c., reciting the former act, and also that "*whereas the said act hath been attended with very salutary effects*, and in case the provisions therein contained were extended to a further sum, the *good purpose* of the said act would be *further advanced*," and it enacts that any promissory or other notes for less than *five pounds* shall be void and of no effect.

Now in the teeth of these repeated parliamentary enactments, an act of Parliament was passed on the 3d of March 1797, as the order in council, to stop the bank's paying in cash, had been issued on the 26th of March immediately preceding, which is entitled, an act to remove doubts respecting promissory notes of the governor and company of the Bank of England for payment of sums of money under five pounds, and it recites that "*whereas it is expedient for the public service and for the convenience of commercial circulation*, that the governor and company of the Bank of England should issue promissory notes, for sums of money under *five pounds*," and therefore enacts that it shall be lawful for them so to do. Thus we have seen how intimately this company has become connected with the public debt, and that as it increased, so their notes increased; and having thus got a view of the origin and history of the public debt and of the Bank of England, we shall hereafter see, if I am not mistaken, that it has been chiefly owing to bank notes increasing as the public debt increased, that the nation has been able to pay the enormous interest it has paid upon this debt, contrary to the predictions of very able writers upon this subject, who are now dead and gone.

Many schemes have been in agitation for the discharge of the national debt. The principal of these are what are called sinking funds, established by acts of Parliament from time to time upon the plans devised by different chancellors of the Exchequer. Thus we have Sir Robert Walpole's sinking fund, an account of which is to be found in Dr. Price's writings. We have Mr. Pitt's sinking funds in 1786, in 1792, in 1798, in 1802. We have lord Henry Petty's plan of income in 1807, and we have Mr. Vansittart's in 1813. A full detail of all these will be found in Dr. Hamilton's book on the national debt.

I shall do Mr. Pitt's memory the justice to say that I do not believe there is a man in England who doubts that his sinking fund of 1786 was most honestly and sincerely intended to afford the country great relief. This and the public principles and professions

declared by that minister about that period raised him to a height of popularity in this country which had never been enjoyed by any other minister, with the exception of his own illustrious father, the great Lord Chatham. But sinking funds in these our days have assumed a different aspect; and my lord Lauderdale has not hesitated to declare in his place in Parliament,¹ that "he had always considered (and he was glad that better authorities than himself entertained the same opinion) that the sinking fund was a most infamous agent to increase the burdens of the people in time of war, and in time of peace it was a most mischievous agent for relieving the national debt."

And Mr. Preston says, "Of all the measures introduced into political action, the sinking fund has been made most instrumental to deceive the people. Instead of causing a diminution, it has been converted to the purpose of being the great instrument of increasing the burden of taxation. Introduced by Sir Robert Walpole, and afterwards revived by Mr. Pitt, most honestly and most honorably to diminish a burthen of taxation, occasioned by a debt amounting, on the 5th of January 1806, (in Mr. Pitt's time) to 238, 231, 248. 5. 2 $\frac{1}{2}$, it has been made the stalking horse, by which the people have been drawn into the snare of permitting succeeding ministers to increase the national debt to 800 millions and upwards, with a property tax of 14,000,000 a year, and heavy war taxes beyond the annual, and these greatly increased, expences of government and beyond the interest of the national debt.

It excites a smile of contempt also to see with what gravity men receive the consoling rehearsal, that by means of the sinking fund we have purchased about 250 millions of our national debt, considered as the old debt. A school-boy ought to be chastised, who could not easily discover, that if a man borrowed a 100l. every year, and laid aside 100th part of the sum at compound interest, as a sinking fund against the old debt, his debt would end in his ruin; for though the sinking fund would pay off the debt now contracted, it would never discharge each succeeding debt by its own operation. The debt would at the end of each year, or which, for this argument, is of the same effect, would at the end of each period of 10 years, or each successive war, be greatly increased. Whoever compares this statement with the result of the sinking fund, will find three facts.

1st. That the sinking fund has given facility to new loans.

2d. That the sinking fund, arising from the old debt, has made very little progress in the redemption of that debt.—And,

3rd. That the greater part of the produce of the sinking fund arises from the sum abstracted from the new loans, and compound interest on the sums so abstracted."

¹ April 12th, 1813.

Now this sinking fund requires for its support from the people of this country in taxes upwards of 11 millions a year.

Among all the different causes that have been assigned for such deplorable and extensive distress, I am of opinion that the extent of the distress is produced chiefly, if not altogether, by the violent alteration that has taken place in the circulating medium of the country. The grounds upon which I have formed this opinion, I shall now state.

It is well known that a few years ago the House of Commons appointed a committee to inquire into the cause of the high price of gold bullion and to take into consideration the state of the circulating medium of the country. In the year 1810, this committee made their report, which is done at great length and forms a considerable volume. The sum and substance of this report is : That the high price of gold is occasioned by the low value of the paper money ; that the low value of the paper money has been occasioned by the great abundance of it ; that the only way to lower the price of gold is to raise the value of the paper money ; and that the only way to raise the value of the paper money is to make the quantity of it less than it now is. Upon these premises they recommended that an Act of Parliament should be passed to compel the Bank of England to pay its notes in cash at the expiration of two years from that time.

Now although this is a report of a Committee of the House of Commons, we are intitled to deal with it just in the same manner as if it were a publication of the opinions of the individuals whose names are subscribed to it—And having no prejudice for or against these individuals, and being actuated by no sort of party motive or feeling upon this subject, I beg leave to observe that whatever I advance upon a matter of such importance, to use the honest language of my old friend Mr. Preston, “ will not be dictated by party spirit ; either by favor to Statesmen of one class, or by opposition to those of the other class.” But I cannot pass by what I have stated as the substance of this report of the Bullion Committee, without expressing my astonishment that with the knowledge and information which these Gentlemen must necessarily have possessed upon the situation of this Country, they should have made such a report and such a recommendation, and not have coupled it with some plan to save the Country from that sudden and extreme distress into which one would suppose they must have seen it would fall, upon the adoption of their plan ; and into which we have now unhappily the evidence before us, that it actually has fallen, upon the late attempt of the Bank of England to carry their advice into execution, by lessening the quantity of their paper money.—Against this report of the Bullion Committee, a Gentleman of Edinburgh, (Mr. Wilson) has entered the field, with great diligence and with some effect. I do not mean to say that I agree

with Mr. Wilson ; but having given the substance of the report of the Bullion Committee, it is but right to give the substance of Mr. Wilson's doctrine.—He says there has been no depreciation of Bank notes ; that the rise and fall of Bullion has been governed by the foreign exchanges and not by the quantity of Bank notes in circulation, and that the Bullion Committee have mistaken the cause for the effect. In support of these positions he refers to very important tables which he has annexed to his Pamphlet.

Now, leaving the Bullion Committee and Mr. Wilson, for the present, to their own points of quarrel as to bank notes and Bullion, I understand Mr. Wilson to maintain, with respect to Bank notes and Corn, that it is the rise in the price of Corn which produces an increase of bank notes, and that a fall in the price of Corn produces a diminution of bank notes. The fallacy of this doctrine is to be found in Mr. Wilson's own tables.

In those tables it will be found that from April 1792 to April 1796 wheat rose from 2l. 7s. per qr. to 4l. 18s. 3d., which is more than double. In the same tables it will be found that in April 1792 the amount of the Bank of England's Notes in circulation amounted to 11,349,810, that is, 11 millions and upwards. It will be found that in April 1796 it amounted to 11,661,760, and that at no period during the interval between 1792 and 1796 did it ever exceed 12,715,810 ; and that it only reached that sum for a few months at the beginning of 1795, at which time the price of wheat was only 2l. 15s. 5d. per qr.

Now if we are to believe Mr. Wilson, that it is the rise of Corn that produces the increase of Bank of England notes, how happens it, that though the price of Corn was more than doubled, no increase worth mentioning took place in the circulation of Bank of England Notes ?—Again, it appears from these tables that from April 1801 to April 1804, wheat fell from 7l. 14s. 8d. per qr. to 2l. 10s. 9d. a fall of three fourths ; but that so far from any corresponding decrease in the circulation of Bank of England notes, it actually increased during that period from 15 millions to 17 millions.

Again, it appears from these tables that from April 1812 to April 1814 wheat fell from 6l. 5s. 5d. per qr. to 5l. 14s. and that during this period, instead of diminishing the circulation of Bank of England Notes, these notes increased from about 21 millions to 27 millions. I conceive this to be fatal to Mr. Wilson's doctrine of Bank of England Notes increasing and decreasing with the price of corn, and it proves that upon one very important head there is a fallacy in the conclusions that are drawn from these tables. But after all, what is it that Mr. Wilson points out as the remedy ? a reduction of rents corresponding to the fall in the price of Corn.

Here, with deference to Mr. Wilson, I think he has left the matter as short as his great opponents, the Bullion Committee. A reduction of rents is no doubt a remedy to the tenants; but what is to become of the landlords? Mr. Wilson does not seem to have foreseen that in the end the whole dispute would lie between the landlords and the public creditor.

Having opened this part of the subject, I think it proper to bring to your recollection the progress of the expences of the government of the country, including the interest of the National Debt, for in fact it is only with the interest of this Debt that the Nation has any concern.

I shall therefore state shortly the amount of the Taxes paid by the Nation to support the Peace Establishments, and to pay the interest of the National Debt.

When Queen Anne came to the throne in 1701, the annual amount of the taxes was — 4,212,358, upwards of four millions. When George the First came to the throne in 1714, the annual amount of the taxes was 6,762,643, upwards of six millions. When George the Second came to the throne in 1727 the annual amount of the taxes was 6,522,540, upwards of six millions. When the present King came to the throne in 1760, the annual amount of the taxes was—8,744,682, upwards of 8 millions.

At the end of the American war in 1784, the annual amount of the taxes was 13,300,921, upwards of thirteen millions.

Is it possible that any person, acquainted with the distressed and embarrassed state in which the country has been of late, can suppose that such an amount of taxation can exist? This leads to the next important question, how is it that it has hitherto existed?

We have seen something of the amount of the circulation of Bank of England notes from the commencement of the French war in 1792; but we have not seen any thing of the amount of the circulation of the country banks. I do not know how it is to be ascertained with any degree of accuracy. I believe some attempt has been lately made, by an order of the House of Lords, to get at it. In the report of the Bullion Committee, they tell us, that they were unable with any degree of precision to ascertain the amount of the notes of the Country Banks; but the evidence before them proves, as I have shown before from Mr. Wilson's Tables, that the amount of the Bank of England notes in circulation was, previous to the suspension of cash payments, "between *ten and eleven* millions, hardly ever falling below nine, and not often exceeding *eleven*;" and that at the time of their Report, namely in May, 1810, it was upwards of twenty-one millions; and Mr. Wilson's Tables shew us that it afterwards increased to twenty-seven millions.

This evidence before the Bullion Committee also shews, that before the suspension of cash payment in 1797, there were two hundred and thirty Country Banks; and that in April, 1810, the number was seven hundred and twenty-one.

The quantity of paper issued by such a number of Banks must have been immense, and although, without *data*, I will not venture any conjecture as to the amount, yet it is clear that it must have been a vast deal greater than that of the Bank of England.

Let us conceive for a moment, the effect that such an immense increase of the circulating medium must have had in every operation of commerce, and in every transaction of property.

Does any man suppose that, if it had not been for this prodigious increase of circulation, such an immense increase of taxes could have been borne? It is notorious that the circulation of the Country Banks in England is now reduced to a mere trifle—that great numbers of them have blown up altogether, bringing ruin upon thousands.

Mr. Curwen (Member for Carlisle) is reported to have stated in the House of Commons, that twenty-five millions of the paper of Country Banks, have been withdrawn from circulation. I believe the amount would be found to be much greater if it could be ascertained.

Conceive, therefore, the dreadful effect, which the suddenly withdrawing such a sum as this must have had upon the agriculture, commerce, and all the transactions of a country.

Let us hear the practical observations of Mr. Preston upon this point, and endeavour to get accurate notions of the nature of currency or circulating medium. “It will now be important,” says he, “to consider how it has happened, that heretofore the ability to bear taxation has existed, and that it has now of a sudden failed. In a great measure the reason is sufficiently obvious. The continual increase of the precious metals imported from South America, increased the prices of articles of consumption, and of the first necessities of life in England and in other countries. The abundance of wealth increased the quantity of the circulating medium. Accounts were kept and fortunes made in larger sums than formerly. Units were changed into decimals, and decimals into hundreds, &c. &c. Property in land and other articles of value increased in just proportion with the quantity of circulating medium. An increase of wealth was, of itself, a sufficient cause for an increase of prices of land and of other commodities. When gold became more abundant, it was rated in comparison with the quantity of the articles in the market for which it was to be exchanged; hence in some degree a progressive and gradual increase in the price of land and other commodities, and of the price of labor; each keeping pace with the expenses of living and the de-

mand for labor, which was to supply gratifications to luxury, and to all the attendants on increased wealth. We must look to the more important measure, which about the commencement of the 18th century was resorted to by mercantile men, and afterwards by private individuals sanctioned by Parliament; also by National Banks, and finally by private Bankers, of giving to paper their credit, and through their credit, the use and value of money, with all those facilities of increased circulation which belongs to a paper currency, over a currency in coin. This change of system tended in a most eminent manner, and even in a greater degree, to accomplish the same objects as would have been effected by an increase of bullion or currency in gold and silver, to the same amount as the average quantity of paper kept in circulation. Hence also may be traced a source for a considerable advance in prices. Accordingly the value of land and other commodities has advanced in the same proportion in which credit has increased; and there has been an increase of useful, healthy, and well supported circulation.

“ There is another great instrument which has contributed to this end more than any other. This instrument became, as it was designed by its author, to be the parent of a benefit which should counteract in some degree that which would have been its baneful influence in any other mode of conducting its operations. The *Funded Debt* of the country will naturally present itself to the mind of every intelligent person as the measure now in contemplation; followed too or accompanied by other similar funds, of the East India Company, the South Sea Company, Joint-Stock Companies, Navigation Shares, Canal Shares, Turnpike Tickets, and a host of other like securities, transferable in their nature, and assuming all the uses and characters, and giving all the effect and benefits of a circulating medium; thus generated into a form which produced the use of money, and placed the increase of the precious metals from South America and other countries, in a state of comparative insignificance; since” (and I beg you to mark this) “ all the bullion in Europe could not purchase these securities at their present rates of price and value. Had the National Debt or these commercial securities been deprived of their character of money; in other words of their transferable or negotiable quality; their tendency would have been mischievous, and the mischief would soon have stopped their career: but their general tendency as a medium of circulation, to advance the price of property, and their approximation to the nature of property, (while in fact they were evidences of a debt and incumbrance) counteracted their own burden, and by their own counterpoise they provided a remedy for the very charge which was created by the debt in increasing the *saleable value*, and the prices of the produce of that property which was to bear the burden. The system rendered the owners of the incum-

bered property, of ability to meet the necessary taxes for payment of the Dividends with cheerfulness, because without any great sacrifice of their comforts. Had a contrary result been experienced, how could the landed interest have borne the burden of the land tax; the poor, the church, the highway, and other rates; a large proportion of direct taxes of the country; and finally of the property tax on the landlord and tenant? thus maintaining the establishment of the church; providing support for the poor; keeping up roads for communication, and contributing more than one half of the other taxes of the country.

“Perhaps it is not too much to assert, that directly and indirectly the landed and agricultural interests bear two-third parts of the taxes of the kingdom.

“Had these taxes existed at the commencement of the Funding system, or at the commencement of the war of 1701, or the war of 1740, or of the American war, or of the war now recently and so gloriously terminated, could these burdens and this taxation have been borne? in other words, was there the physical power to answer them? A person who supposes that they could have been paid, must be totally ignorant of the history of those periods, and altogether unacquainted with the value of property, as that value existed at those periods.”

Now, then, upon the evidence of this man of such great practice, experience, and observation, what was it that enabled the country to bear a taxation of from 60 to 70 millions a year—what but the immense increase of a circulating medium; a circulating medium which, as he says, “placed the increase of the precious metals in a state of comparative insignificance, since all the bullion in Europe could not purchase it at its present rate of price or value?”

In such a situation of affairs, unnatural no doubt as it was, but unnatural on account of this monster that formed so prominent a feature in it, the Funding System; in what could the safety of the country lie, but in upholding those prices which it had been the general tendency of this circulation to advance? This was the opinion of a man of great genius and most extensive knowledge, long before the time of the Bullion Committee: I mean the late Mr. Horne Tooke. When he first advanced this doctrine in public, I remember it was thought most paradoxical; but I also remember to have heard a great statesman, the old Marquis of Lansdowne, maintain in conversation that Mr. Horne Tooke was right; and I afterwards heard him make a declaration to that effect in his place in Parliament.

Will it be believed in history, that in such a situation, this country permitted foreigners to come into its market with corn and articles of the first necessity, of which it was not only in no want,

but was itself overflowing; and that those foreigners should be allowed to sell such articles at a price less than it was in the power of the people of this country to produce them?

We all know the effect that was produced by the importation of foreign grain. But Mr. Preston has put this matter in a strong light with respect to an article of inferior magnitude. "How grating," says he, "must it have been to the feelings of British farmers, to have read the address of a Governor of one of the Dutch provinces, who congratulated those under his superintendence on the amelioration of their condition, by a return of industry and wealth, principally arising from an export to England, of butter and cheese, to the value of two millions of money!

"By suffering this extensive importation of *butter and cheese* to take place from Holland, the latter article has been reduced 30 per cent. below the prices at which the English dairyman can produce it; and the race of competition in this article has produced and is producing gradual depreciation."

Now is there any other country upon earth that would have suffered this? I enter not upon the policy or impolicy of corn laws; but there are many things under very peculiar circumstances, that are proper as acts of administration, which are improper as acts of permanent legislation.

Why do the Dutch take our hats and other manufactures? because they have none of their own, and they can get them no where else so cheap and so good. If they could make them as cheap and as good themselves, would they allow us to take advantage of a particular moment and under peculiar circumstances to pour in upon them our goods to the ruin of their own people? Would France permit us to send wine and brandy to their country to the ruin of their own growers and makers of these articles? Would America allow us or any other country to pour such quantities of grain into their country as should ruin their own farmers, and make all their new settlements a wilderness again?

The ministers of this country have been bold enough upon some occasions.

They issued an Order in Council, to save the Governor and Company of the Bank of England.

They have issued other Orders in Council.

Why could they not have issued an Order in Council to save the whole agricultural interest, and upon which almost the whole commercial interest depends?

In my humble opinion a minister, who could have shewn the country to demonstration what ruin and distress must in consequence of this Funding System have followed a contrary line of conduct, ought to have perilled his head upon such a measure; and, like the great Lord Chatham, have spurned an act of indemnity

for having saved his country. I am aware it may be said that Lord Chatham's interference was to save the country from starving; whereas this would have been to keep up the price of corn: but I beg to know the difference between starving from the high price of corn, or starving for want of means to purchase corn at any price; and besides I am supposing that the minister should have instantly laid before the country its true situation, and have proposed some plan upon the principle of that which will be presently suggested, to have prevented such a mass of misery and ruin.

Instead of this, what have we seen?—A long, protracted inquiry and discussion about a corn law, while the mischief was doing. Abstract propositions debating—while the enemy was not only at the gates, but within the city walls!

Coupled with this awful blunder in administration, unless I am much mistaken, I think it will appear, whenever the proper documents are before the public, that a change of system in the Bank of England has produced an effect almost incalculable upon the circulating medium of the country.

That such a change did take place we have the evidence of Mr. Wilson. He says, in page 68, “And now that the prices of farm produce are considerably reduced, a corresponding reduction of our circulation may be expected, and, as I understand, is already far advanced.”

It is clear that Mr. Wilson points at a reduction of the circulation of the Bank of England notes, because it is with the circulation of that Bank that his whole mind is absorbed.

But it is plain he means the circulation of the Bank of England, for he says immediately afterwards, quite as matter of course, with all the confidence imaginable, “With regard to the abolition of the Bank Restriction act, this, now that peace is come, is a matter of less moment than may be supposed. I do not, for myself, entertain the smallest doubt, that so long as peace, and a free trade with America and the continent of Europe shall continue, the balance of all our exchanges will be uniformly in our favor; and when that great object is accomplished, as it is already very nearly; there can be no difficulty in the bank resuming its payments in specie, whenever our government pleases to require it.”

This last *salvo* was most judiciously put in; for Mr. Wilson may rest assured that our Government will not *please to require it*.

I think from this we may argue that a considerable reduction in the circulation of the Bank of England notes was far advanced when Mr. Wilson wrote, which was towards the end of 1815.

To come to a right understanding of this matter, it will be necessary to know not only what has been the reduction in the circulation of this Bank, but when and in what direction it has taken place—what ropes it pulls and what it slackens; in short, whether

or not it is in the power of this Corporate company of merchants, either for the sake of increasing their own gains, or in consequence of the minister wanting an immense loan, or from mistaken policy or caprice, or any other reason, to knock down the Country Banks, like a parcel of nine pins.

This is an inquiry of the very last importance; for it is just this, whether the great mass of the circulating medium of the country is at the mercy of this Corporate Company.

I do not speak this lightly, or merely upon my own opinion, whatever it may be. In a pamphlet published by Mr. David Ricardo, who was some years ago, I believe, one of the Contractors for the Loan, and who is therefore a man that deals largely in Funds, Bank notes, &c. &c., and who may be presumed, I should suppose, to have been pretty much behind the scenes, speaking of the Directors of the Bank of England, it is said:

“In the present state of the law, they have the power, without any control whatever, of increasing or reducing the circulation in any degree they may think proper—a power which should neither be entrusted to the state itself, nor to any body in it; as there can be no security for the uniformity in the value of the currency, when its augmentation or diminution depends solely on the will of the issuers.

“That the Bank have the power of reducing the circulation to the very narrowest limits will not be denied, even by those who agree in opinion with the Directors, that they have not the power of adding indefinitely to its quantity.”

If this be true, here is a power and prerogative to a company of merchants, that ought not even to be trusted to the state.

There can be no doubt, I think, in the mind of any man, that the circulating medium of the country ought to be placed upon the best and surest foundation. How that is to be accomplished I shall not go into at present; but above all, it is clear that it ought not to be in the power of any Corporate Company in the kingdom to increase or diminish it *ad libitum*; as Mr. Ricardo says it is in the power of the Governor and Company of the Bank of England to do at present.

Mr. Ricardo's plan of obtaining this desirable effect is, to oblige the Bank not to pay in the old coin of the country, but in bullion; and to make the Country Banks give security to Government for the amount of their issues. Against this notion, Mr. Thomas Smith, author of an Essay upon the Theory of Money, has lately published a pamphlet, wherein he says, in answer to Mr. Ricardo's proposal of the Bank's paying in bullion instead of coin:

“Mr. Ricardo attempts to describe a difference betwixt value and price, which I do not think exists; at least in the manner he states. There are two species of value: value in use, and value

in exchange; the first, a natural quality appertaining to things; the second, an artificial one."

"An article only becomes valuable in exchange, when it is in the possession of another, from whom it cannot be obtained without giving some other article in return for it; value in exchange, therefore, has its origin in barter, or the exchanging one article for another. Exchangeable value being thus merely an artificial quality attached to matter, there exists no natural certain mode of ascertaining it. Mankind have, therefore, been under the necessity of employing an artificial method of doing it. In barter all values are comparative: now, it is certainly possible to make some sort of comparison betwixt two things of the same kind; one horse may, evidently, be better or worse than another; one cow may give more milk, or be larger or fatter than another; or one pipe of wine be superior to another. But how can any comparison be made betwixt a horse and a cow, a piece of cloth and a pipe of wine? Without some intermediate point, it is totally impossible. Mankind appear very soon to have discovered the necessity of assuming some term as a point of comparison. The problem was then solved in this manner. My horse, says one, is worth, or equal to, six points; your cow, only to four. You must, therefore, give me some other article or articles, equal to two points, before I will make the exchange. It was this assumed point, and not 'the idea of a currency without a specific standard,' which was hinted at by Sir James Stewart: but he was not the first who did so; the celebrated Law, and some of the writers in William's time, appear to have had some obscure idea of it. According to the Edinburgh Reviewers, it haunted their imaginations. It was afterwards pretty plainly alluded to by Bishop Berkeley. Montesquieu and Mungo Park gave separate instances of its being employed among the Blacks, on the coast of Africa. Lately, Doctor Kelly has proved its existence among all the civilized nations in the world, under the title of money of account. Under that title it has been acknowledged by Lord Lauderdale and the Edinburgh Reviewers; and I have maintained, and continue to assert, that such a mode of calculating exchangeable value has actually been in use in this country for above seven hundred years. Yet, strange to relate, so far from its nature and properties being generally known, its existence has been positively denied, by several writers of the present day, among whom must be reckoned Mr. Ricardo; although, as proved by Montesquieu and Park, this assumed point, or point of comparison, is in use among savage nations who have no coins; yet, among civilized nations, to prevent the inconvenience of having always to give one article for another, it was found necessary to adopt some particular article, to pass from hand to hand, as symbols or representatives of all other commo-

dities. For this purpose gold and silver have been generally employed. . But in order to enable them to answer the end intended, they have to be made into certain forms, and a fixed value attached to each. When governments, therefore, issue coins of gold and silver, of a certain weight and fineness, they invariably direct that these coins shall pass and be taken, at all times, at a certain and fixed proportion of the standard unit, or assumed point, in use in the country.

“ That this is the exact state of matters in this country, I conceive a very slight examination will serve to convince every man of common understanding, who has not been previously biassed.

“ The term pound sterling, with its division of shillings and pence, is evidently the assumed point by which all comparisons of value, all exchanges of articles, are regulated and determined; and the coins, whether of gold, silver, or copper, issued by government, merely represent certain and fixed proportions of that standard, and pass from hand to hand as such, as representatives of value, not as valuable articles of themselves.

“ If any man look around him with an unprejudiced eye, he must see this immediately. In every mercantile transaction, from the highest to the lowest—from the sale of a thousand hogsheads of sugar to the sale of a bundle of matches, is not the price or value invariably determined by the use of the term pound and its diminutives? and, when they are used, does not every one know, at once, what is meant, without requiring any farther explanation whatever? When a payment is made in the coins of the country, are they not invariably taken at the exact denomination or proportion of that term they have been ordered to pass for, without any reference to the variations in value of the bullion they are composed of? The very laws establishing them as coins declare this in as precise language as can possibly be used.

“ Let every statute, act of parliament, or proclamation of the king or queen, on this subject, from the earliest records to the present day, be examined, and it will be found that they invariably run in the same strain, directing that such and such coins of silver or of gold, of such fineness and such weight, shall pass and be taken, at all times, at certain proportions of the pound; a term which, by these statutes, appears to have been in common use, and well known, at least, as far back as the reign of William the First, in the eleventh century, being nearly three hundred years before gold coins were introduced, or at all known in this country.

“ But there does not exist one single statute, act, or proclamation, directing or appointing that gold and silver *bullion*, or either of them, shall be the standard of value in this country, or fixing, restricting, or even at all mentioning, the price of silver or gold

bullion, so as to regulate the rate at which they shall pass in the country in general."

I think Mr. Smith has given Mr. Ricardo's proposal, about obliging the Bank to deliver Bullion for their Bank notes, the most complete answer.

To be sure he might just as well have proposed to make the Bank deliver sugar in payment of their notes.

With respect to Mr. Ricardo's other proposal about Country Banks, Mr. Smith says thus: "I agree with Mr. Ricardo, in the observations he makes in regard to country bankers, in so far as I think it absolutely and essentially necessary, for the future welfare and prosperity of the country, that some regulations should be adopted to prevent the possibility of a recurrence of the disastrous consequences, that have so frequently ensued of late from their inability to fulfil their engagements.

"But I do not think the plan he proposes would answer the end; because, obliging country banks to deposit their capitals with government, or with commissioners appointed for the purpose, would be depriving them completely of the use of these capitals.

"They would then have nothing in their hands against their notes in the circle, but the securities upon which these notes had been issued; and should the notes happen to be returned upon them faster than these securities become due, they might be put to great inconvenience, nay find it impossible for a time to discharge the demands made on them. Besides the securities must either remain unproductive, or be used by government, both which would be very objectionable. A plan to put them on a proper footing, and to make their notes a perfectly secure currency, may probably soon be laid before the public."

Now I agree entirely with Mr. Smith upon this point, and shall be curious to see his plan.

To return then to my point, that the extent of the present distress has arisen chiefly from the violent alteration that has taken place in the circulating medium of the country—

You have seen upon the evidence of Mr. Ricardo, that the Bank of England "have the power of reducing the circulation to the very narrowest limits."

Mr. Wilson tells us at the end of last year, that "a considerable reduction of our circulation, as he understood, was then far advanced;" and when the papers are before parliament, that have been called for, the extent of it probably will be known. Now has this or not ruined the country Bankers?

Have not the extensive failures of these Banks been productive of great ruin?

This is an effect that has not been felt in Scotland.

Scotland, no doubt, feels the effects of a diminished circulation, but she has not sustained a positive loss to the extent of many millions by the failure of Banks.

It is all very true that the term pound, as Mr. Smith says, is the assumed point or standard of value in Great Britain by which the relative value of all articles is ascertained, and that it is upon this principle that the use of bank notes is founded, for they pass as representatives of value, according to the standard; but unfortunately they are at the same time evidence of a debt, which a golden guinea is not, and what is still more unfortunate, of a debt too that may never be paid. If the person in possession of the guinea-notes of any of the numerous country banks that have failed, which before such failure were, as Mr. Smith calls it, the assumed point or standard of value and answered every purpose of exchange, had been in possession of golden guineas or of the certain value of gold or any other commodity which these notes represented, it would have made all the difference to that person; for in such case he would not have been ruined.—If you could be insured that the bank issuing the note would never fail, the note is as good as the value of gold which it represents—Now I would put this to Mr. Smith; suppose notes are issued by a bank, which possesses nothing, and that the securities in paper upon which it issues its notes are good for nothing—such notes, until this is discovered by the Bank's breaking, pass as the assumed points or standards of value, but as in fact they represent nothing, must they not "*pull down*" the value of the notes of other good banks that really are the representatives of value?—If notes are issued not because there is property in the bank, but because there is none, what must be the consequence? Does not this while it exists create a general depreciation of money?

Consider then for a moment to what extent this has gone in England. How many country banks are there, that after their failure are discovered to have issued notes to more than half a million? How many country banks have failed of late? Mr. Smith says in note to page 46, "In almost every gazette, for some time past, one, and sometimes two country banking firms are to be found." Thus then not only has an immense mass of circulating medium been destroyed by this means, but good banks refuse to issue their circulating medium upon such security as they would have done and did do before—So that it is now proverbial that the country banks in England are doing nothing. In short the great mass of circulating medium no longer exists.

Some are sanguine enough to suppose that the country is to be rescued from the present state of distress by the rise that has lately taken place in grain.—I am sorry that it is utterly out of my power to encourage any such hope from that cause: on the contrary I expect that it is to aggravate it, and I am not singular in my opinion.

Mr. Preston does not hesitate to say, that he foresees the prospect of *scarcity*, not to say, *famine* in the year 1817—1818, and his reason is this, and it is my reason—I prefer giving it to you in his words rather than mine, on account of the authority. “It is easy to foresee,” says he, “that, should the present state of things continue beyond the period for preparing the ground for seed corn,” which we all know it did, “bread will be dearer in 1817—1818 than it has been in any one of the last 20 years; while there will not exist equal ability in the people to pay for the bread, or in the country, or the government, to import the quantity of Corn necessary to supply the deficiency.” If this shall turn out to be the case, it will be lamentable beyond all calculation, and even the very possibility of it is a reason for adopting some effectual remedy in time, that should go to the root of the evil at once.

No half measures, no palliatives ought to be applied to radical evils.

It is absolutely necessary instantly to rescue the country from that alarming degree of Emigration, not merely of the higher classes to the continent of Europe for a season; but from that more frightful emigration of the industrious, ingenious, and laborious part of the population, upon whose shoulders rest the massy pillars of the nation’s power, to the continent of America, carrying with them, as they do, the immense wealth and resources of productive labour, not merely for a season, *but for ever*.

There can be no better authority for the absolute necessity of a remedy that shall go to the root of the evil, than the following declaration reported to be made by Lord Castlereagh in the House of Commons.

“Sir, there cannot be a greater delusion than to declare that any economy which it is possible to observe, that even the sweeping away of all official situations, would afford a practical relief to what are called the sufferings of the country. I do not state this in order to diminish the responsibility of Ministers on this subject, or to discourage carrying economy to the greatest length to which it can prudently be carried; but I state it, because it is an abuse to say that the greatest economy which it may be possible to introduce in our public expenditure can make the difference in the country between suffering and not suffering.”

*Courier’s Report of Lord Castlereagh’s speech on
Lord Althorpe’s motion, May 8, 1816.*

I shall now enter upon that which appears to me to be the only safe, and at the same time effectual, remedy for the present state of the Country, as well as to guard it in future from the grievous distress and ruin necessarily consequent upon a fluctuating circulating medium.

In proposing this I beg leave to say that I do it with great diffidence, but at the same time with great sincerity, that if I am in error I have not been able to detect that error, and that whenever it shall be clearly pointed out to me I will readily acknowledge it.

I consider the main question to lie between the landed interest and the public creditor, and I have endeavoured to seek for some principle of justice as between them both.

Hume in his essay on public credit says this :

“The public is a Debtor, whom no man can oblige to pay. The only check which the creditors have upon her, is the interest of preserving credit; an interest, which may easily be overbalanced by a great debt, and by a difficult and extraordinary emergence, even supposing that credit irrecoverable. Not to mention, that a present necessity often forces states into measures which are, strictly speaking, against their interest.”

He then says that the event which he supposes of the state being forced by necessity to take a sponge to its debts, and thereby committing a complete breach of national faith, is calamitous, but not the most calamitous. “Thousands,” says he, “are thereby sacrificed to the safety of millions. But we are not without danger, that the contrary event may take place, and that millions may be sacrificed for ever to the temporary safety of thousands.” Now I should fain hope that in a country like this, so remarkable for its love of justice being tempered with good sense and consideration in all private transactions, each party would be willing coolly and deliberately to consider the situations of the other, and to fall into such measures as may preserve both, and at the same time make their common country flourish.—If the public creditor is convinced that he cannot be paid his interest without the rapid ruin of the present land-holder, and great misery and distress to the bulk of the trading and laborious class of the country being the consequence, he must see upon what a very precarious foundation he stands, and must be willing, I should think, to agree to such measures as have any thing like justice for their basis.

I have read something of the Laws of Scotland, and am of opinion that there are some parts of it which my own country would do well to borrow from this end of the Island. Such I know was the opinion of my Lord Thurlow, and the plan of relief which I am about to propose will not be less favourably received by Englishmen, because it is founded upon one of the most ancient parts of the Law of Scotland.

As old I believe as the law itself, it has been a part of it, that annually in the month of February the Fairs prices of grain of the last year's crop should be struck by a Jury. It is so well known

as a regular custom that few people trouble themselves to inquire as to its origin or even the meaning of the word *Fiars*.

The meaning of the word *Fiars*, or as it used to be called *Fears*, is this. "He," says Mr. Erskine, "whose property is burdened with life rents is in our law language called the *Fiar*, and the naked property the *Fee*."

"The original purpose," as I find it said in the Dictionary of decisions, "of these *Fiars* prices, was to ascertain the Crown Rents: anciently they were struck by the Lords of the Exchequer, upon information from the sheriffs of the several counties, and at length this operation devolved upon the Sheriffs themselves."

"It is another branch of their ministerial duty," says Mr. Erskine, speaking of sheriffs, "to strike the sheriff-fiars yearly in February by a jury; i. e. they fix the prices of grain of the growth of the respective counties for the preceding crop; which are to be accounted the legal prices in a few cases where they either cannot be, or, *de facto*, are not ascertained by covenant, or where no positive or precise proof can be had of the true values."

It is quite obvious what was the reason and meaning of this law. It is well known in Scotland that most of the parishes there are bound by law to give to the Clergy a certain quantity of grain, and that by law he may take it either in kind or according to the *Fiars* prices, and that he always prefers the latter. It is also known that the Crown and many other old rents, when the value of money was unknown or uncertain, were fixed upon this principle, and are so paid to this day without trouble or inconvenience.

Leaving therefore at present the question about the depreciation of Bank Notes, and the rise and fall of Bullion to the Bullion Committee and Mr. Wilson, we all know, that the price of corn has fluctuated within the last twenty years in a most remarkable manner; that previously to the last twenty years, it was generally between 40 and 50 shillings per quarter, and we know that for the last twenty years it has fluctuated from 60 to 120, and sometimes even to 140 shillings and upwards. In such a state of matters surely the people of this country have a right to look for "justice for the past, as well as security for the future."

I will not embarrass my subject at present with any consideration about the expense of the civil government of the country, or what is commonly called the Peace Establishment. I shall now confine myself entirely to the National Debt.

The interest which the nation has to pay to the public creditor is about 34 millions a year.

It has further to pay to the commissioners of the sinking fund, about 11 millions, which 11 millions I think I shall shew you hereafter has no other effect but to support this funding system and enable it to increase.

This makes an annual Taxation upon this nation of 45 millions necessary for the National Debt alone.—Now I would propose first of all to do away with this 11 millions altogether, and when the country can bear it, to establish a sinking fund upon the true principle of a sinking fund, that is, of a fund that should be annually applied to the absolute extinguishing of so much debt. I next propose, in order to do full and complete justice to every person who has become a creditor since the National Debt began in 1692, to strike a fiars price by law upon the average of every five years from that time down to the time of the last loan, and to strike a fiars price as in February last, for the last year, and in every subsequent February, for the year preceding—and to pay the public creditor his interest upon the principle of the rule of three, according to the fiars price of corn now and for ever—but at the same time to keep the faith pledged to him in the very first act which began the debt, that is, to relieve him of every sort of tax, and to make the whole taxation of the country direct upon land and houses.

Now as I cannot tell what proportion of this 34 millions is payable either to foreigners, who of course ought not to be subject to this law, or to those who had become public creditors before the war broke out in 1793 (soonafter which the high prices of corn began) I will make no guess about it; for both together cannot but be very inconsiderable; but I will suppose merely for the sake of argument, that the whole 34 millions are payable to persons of our own nation, who have become public creditors, since the war began in 1793; and that the fiars price of wheat for the whole period of that war should be struck at 15s. a bushel.—I suppose further merely for the sake of argument that the fiars price struck for the last year shall be 5s. a bushel.

Now then the public creditor who lent his 60l. to government while wheat averaged 15s. per bushel, and when the stocks were at 60 (that is paying 5 per cent.) was entitled to receive out of the Taxes 3l. a year, and he would have been entitled, if he had received his dividend in kind, instead of in money, to just 4 bushels of wheat, because 4 times 15s. is 60s., which is 3l.: and these four bushels of wheat, if there had been no money in circulation, would have given him all the benefit, only with a little more trouble, that the 3l. gave him. I would, therefore, faithfully give to that public creditor now the same quantity of wheat, namely 4 bushels, or its value in money, which we have seen, according to the supposed fiar price of last year, would be exactly one pound or just one third. But at the same time, remember, I would relieve him of every sort of tax, as I would make all taxes direct upon houses and land. Now let us see what would be the amount of taxes that the nation would have to pay on account of the National Debt for the last year in this supposed case—just one third of 34 millions or 11 millions and a fraction.

But suppose the average of corn during the last war should be 10s. a bushel, and that the whole of the public creditors would be thus entitled to six bushels for every 3l.; and suppose that the average of the last year was to be struck at 6s. 9d. a bushel or 54s. per quarter, the public creditor for 34 millions, taking his six bushels at the above Fairs price, would be paid by 22,950,000l.

I do not believe the actual result brought out would exceed the half of 34 millions, that is 17 millions; but whether 17 or 22 millions, what a difference is this from 45 millions!

My reason for thinking the result would not reach 22 millions is this: Mr. Malthus tells us that the average price of British corn, during the ten years ending with 1813, was 92s. per quarter, which is upwards of 11s. per bushel; and that during the last five years ending with 1813, the average was 108, which you know is above 13s. a bushel. Now the average price of last year did not amount to 60s. Thus it was no less than 80 per cent. higher, during those five years, than it was last year; and it will be recollected what a heavy part of the debt had actually been contracted within the ten years ending in 1813: and from the constant and extensive dealing in the stocks, a large proportion must have become stockholders in the course of those ten years.

Again the payers of taxes, that is, the land interest would be put upon a certainty, that as the amount of taxes they had to pay would also be regulated by these first prices, they never could be called upon to pay from seven to ten per cent. where in justice they ought only to pay five per cent.

By the taxes being direct upon houses and land, and nothing else, a sum of about four millions a year would be saved in the collection of the taxes; for the whole of the excise and custom house establishments would be done away with, and by this means more than the value of four millions would be saved by the effect which this alone would produce.

This four millions, when the country could afford it, might be applied to the purpose of cancelling annually so much debt.

I purposely avoid saying any thing in this part of the subject about the civil establishment, but after making every possible reduction that can be made without being ungrateful or illiberal to our brave defenders by sea and land, from the lowest to the highest; and after the necessary support of our foreign possessions; the whole of the civil government should be paid according to the fairs prices upon the rule of three, precisely the same as the fundholders. Nor would I confine this principle to the fundholders and the civil government; I would extend it to private transactions — but this will require more consideration than can be given to it at present. I can only say that if the annuity lender, who originally stipulated for an interest of from ten to twenty per cent., is relieved from all taxes, there can be no equity or justice in his getting from 30 to 40

per cent. neither ought the mortgagee at 5 per cent. to receive 10 per cent.

Consider now for a moment, if such a law as this had been made as to the striking annually of a fair price, and the payment of the taxes, and that unfinished obligations public and private were to have been governed by it, before all those protracted discussions took place as to the policy of new regulations respecting the corn laws; before such immense quantities of the produce of the earth of all sorts were poured into this country from foreign parts; and before this violent alteration took place in the circulating medium of the country, what a mass of misery wretchedness and ruin would have been prevented?

And independently of the instant relief such a law would now afford the country, and the tone, vigour, and energy that it would give to the bravest, wisest, most skillful, most laborious, most honest and industrious people in the universe, what a mass of future ruin may it not prevent?

Who is there so mean and selfish as not to desire that this great country should hold its high preeminent station among the nations of the world?

Who so base as to see her hardy sons rapidly becoming a race of paupers?

Who so lost to every British feeling as to endure the thoughts of seeing this fine country sink by degrees into weakness and decay?

I do not believe the public creditor, whatever he may fancy to be his own immediate interest, could endure such thoughts as these.

But so far from such a law being against his interest, I conceive it to be so plainly for his interest, that the whole body of stockholders ought to come forward and petition that it should pass.

Let them consider for a moment what will be their situation if the country shall again become inundated with paper money—if wheat shall be again at 15 and 20 shillings a bushel, and rising every year.

I can tell them that I once heard a man of deep thinking and transcendent knowledge upon all subjects connected with political economy declare it as his serious opinion, that the time would come, and at no very distant day, when 100*l.* would be given for a China orange. And let those fundholders who may be disposed to laugh at this, look at the history of Portugal—a country I have had the pleasure of visiting. There the price of an orange is a mille *rae*, the lowest coin known in the country, which is just one thousand *raes*, or one thousand of that which was at first the price of an orange.

I am not singular in the opinion, that justice requires a proportionate deduction of the interest of the national debt according to the rule of three, after making allowances for indirect taxation. The law I propose differs from any I have seen, inasmuch as my plan

differs from this gentleman's, that I propose making the whole reduction strictly according to the rule of three; but then I relieve the public creditor of all taxes of every description, and by the law of annually striking the fiars price, I carry back my measure of justice to the public creditor from the very commencement of the debt, and I extend it to him in all time to come.

Now supposing that the majority of the fundholders in value and of the landholders of England were to come to a complete agreement as to this law, which I have been explaining to you, would the minister of the crown be heard to say: Oh! what a mass of patronage the crown will lose by putting an end to the whole establishments of excise and customs, surveyors, assessors, collectors, tax-gatherers of one description or another, soldiers and sailors to protect the revenue, &c. &c.

My answer, without going into all the beneficial effects of such a reduction, and the doctrine admitted on all hands that the crown is "a trust for the benefit of the people," and that there can be no reason why, with all the patronage of the Church and the law, of the army and the navy, the crown should have more patronage than was intended for it at the Revolution in 1688—my answer, I say, should be given upon the authority and in the language of two most eminent and honest lawyers.

At the end of the American war, Mr. Dunning, afterwards Lord Ashburton, the pride and glory of the English bar, placed upon the Journals of the House of Commons, by a vote of that house, this important resolution, "That the influence of the Crown had increased, was increasing and ought to be diminished," and Mr. Preston in his late publication says: "This system of patronage has led to the great increase of our establishments, and become the worm of the state; a worm which has devoured the fairest flowers, and blighted the best prospects of our hopes. It is to be wished—it is a vain wish! that the wisdom which past experience has taught, may lead to a more just and economical application of public money, and to a system of retrenchment, under the full conviction that sooner or later, unless that system shall become more beneficial to the public, the industrious bees will drive from their hive those drones, who devour the fruits of their honest labour."

If the landholder should be so weak as to object to the law of Fiars price as above proposed, because the whole taxation of the country is to be thrown upon him, besides many great authorities to which I could refer him, for the wisdom of the policy of direct taxation, in the time of King William, and subsequently and which will be most likely shown in detail in a future publication; the following is what Mr. Preston says upon taxation being direct on land.

"The measure will be reconcileable with reason and sound policy, when it shall be considered, that it is indifferent to the land

proprietors, as a body, whether they pay taxes directly or indirectly : they must pay them by indirect means, unless they meet the difficulty by direct taxation ; a mode of taxation always to be preferred to one which is indirect, and necessarily creates an actual, though unseen, increase on the consumer, or the person who is ultimately to bear the burden. Besides, the general welfare of the country must invariably redound to the value of the landed interest, and must, in some shape or other, make them partakers of the benefit."

In 1796, Paine proclaimed " that the accumulation of paper money in England is in proportion to the accumulation of the interest upon every new loan."

We all know that every sum of money lent out upon interest of five per cent. doubles itself in twenty years. Thus twenty thousand pounds lent out at 5 per cent., which is a thousand a year, twenty years ago, would be by the accumulation of simple interest forty thousand pounds at the present day.

He proclaimed also that he had found out a ratio, which would determine arithmetically the amount of the national debt at the end of every war that was carried on by means of the funding system. " The national debt," says he, " at the conclusion of the war, which ended in 1697, was twenty-one millions and a half, (See Smith's *Wealth of Nations*, chapter on Public Debts.) We now see it approaching fast to 400 millions.

" If between those two extremes of twenty-one millions and 400 millions, embracing the several expences of all the including wars, there exists some common ratio that will ascertain arithmetically the amount of the debt at the end of each war, as certainly as the fact is now known to be, that ratio will in like manner determine what the amount of the debt will be in all future wars ; for the ratio I allude to is the ratio which the nature of the thing has established for itself.

" Hitherto no idea has been entertained that any such ratio existed, or could exist, that could determine a problem of this kind, that is, that could ascertain, without having any knowledge of the fact, what the expence of any future war would be ; but it is nevertheless true that such ratio does exist, as I shall show, and also the mode of applying it.

" The ratio I allude to is not in arithmetical progression, like the numbers 2, 3, 4, 5, 6, 7, 8, 9 ;

Nor yet in geometrical progression, like the numbers

2, 4, 8, 16, 32, 64, 128, 256 :

but is in the series of one half upon each proceeding number ; like the numbers 8, 12, 18, 27, 40, 60, 90, 135.

" Any person can perceive that the second number, 12, is produced by the preceding number 8 and half 8 ; and that the number, 18, is in like manner produced by the preceding number 12, and half 12 ; and so on for the rest. They can also see how rapidly the sums increase as the ratio proceeds. The difference be-

tween the two first numbers is but four ; but the difference between the two last is forty-five : and from thence they may see with what immense rapidity the national debt has increased and will continue to increase.

“ I come now to apply the ratio as a rule to determine all cases.

“ I begin with the war that ended in 1697, which was the war in which the funding system began.

“ The expence of that war was twenty-one millions and a half. In order to ascertain the expence of the next war. I add to twenty-one millions and a half, the half thereof (ten millions and three quarters) which makes thirty-two millions and a quarter for the expence of that war. This thirty-two millions and a quarter, added to the former debt of twenty-one millions and a half, carries the national debt to fifty-three millions and three quarters. Smith, in his chapter on Public Debts, says, the national debt was at this time fifty-three millions.

“ I proceed to ascertain the expence of the next war, that of 1739, by adding, as in the former case, one half to the expence of the preceding war. The expence of the preceding war was thirty-two millions and a quarter ; for the sake of even numbers, say 32 millions ; the half of which (16) makes forty-eight millions for the expence of that war.

“ I proceed to ascertain the expence of the war of 1756, by adding according to the ratio, one half to the expence of the preceding war. The expence of the preceding war was taken at 48 millions, the half of which (24) makes 72 millions for the expence of that war.”

Smith, (chapter on Public Debts) says, the expence of the war of 1756 was 72 millions and a quarter.

“ I proceed to ascertain the expence of the American war, of 1775, by adding, as in the former cases, one half to the expence of the preceding war. The expence of the preceding war was 72 millions, the half of which (36) makes 108 millions for the expence of that war. In the last edition of Smith (chapter on Public Debts) he says the expence of the American war was *more than a hundred millions*.

“ I come now to ascertain the expence of the present war.

“ The expence of the preceding war was 108 millions, the half of which (54) makes 162 millions for the expence of the present war.

“ It gives symptoms of going beyond this sum ; for the loans of the last year and of the present year are twenty-two millions each, which exceeds the ratio compared with the loans of the preceding war.”

This prediction was completely fulfilled ; for if you consult Professor Hamilton's statement of the amount of the national debt at different periods, you will find that as the amount of the unredeemed debt was in 1793, when the war began, 227 millions and

upwards, so it amounted at the peace of Amiens to 499 millions and upwards. And the total of the unredeemed funded debt on the 1st of August, 1815, according to accounts laid before parliament, was 808 millions and upwards.

Now let us see what Mr. Preston says upon this subject in 1815: "Let statesmen discard as quick as they can the mistaken notion that our funded system, or system of raising money by loans, is the source of wealth!!

"It is of the first importance to understand this point accurately. It will correct an error into which a very useful and valuable writer on the wealth, power, and resources of the British empire, has fallen. This mistake of the cause of wealth has given to his picture a high colouring, which does not belong to it, and he may very innocently lead his inexperienced readers into most serious and calamitous mistakes!!

"Suppose a gentleman has 300*l.* a year, worth, in these times, 6,000*l.* He borrows 1,500*l.* at 10 per cent.: 150*l.* a year of his income will be withdrawn. Let the 150*l.* a year be lent to him at 10 per cent., at the end of each successive year, and in about eight years the annuitant will have the whole income by means of the new loans, and the compounded interest thereon at 10 per cent.!!!

"This is precisely the state of the country, in regard to the funded debt, by means of new loans. The magnitude of the debt supplies the means of new loans and increases the incumbrance on the property and energies of the empire, exactly in the same manner as the grantee of an annuity, who continually advances the produce of the annuity to the grantor on a new annuity, quickly brings the whole income of the property within his grasp. Few are more intimately acquainted with these melancholy results than the writer of these observations, deriving his information through the certain channel of professional experience; and this is one of his motives for wishing to abolish redeemable annuities, on the one hand, and on the other hand, arresting the mad career of involving the property of the nation, and, in effect, the property, the happiness, and the comfort of individuals, in the consequences of the like system, varying only in the period of ultimate ruin; by the difference of the rate of interest which is paid; unless indeed you can and will keep up the rental and value of property, and consequently the price of food in progressive advance, as the debt increases."

If the stockholders are so foolish as to imagine that it is possible to go on by continual additions of new loans and that these endless accumulations can exist with the prosperity of the country, I beg to call his attention to the author whom I have before quoted, and who is now dead and gone, and with whose most eloquent and animated language upon this subject I shall conclude this result of my reading and reflection.

“ Do we not see that nature, in all her operations, disowns the visionary basis upon which the funding system is built? She acts always by renewed successions, and never by accumulating additions perpetually progressing. Animals and vegetables, men and trees, have existed ever since the world began; but that existence has been carried on by successions of generations, and not by continuing the same men and the same trees in existence that existed first; and to make room for the new she removes the old. Every natural idiot can see this. It is the stock-jobbing idiot only that mistakes. He has conceived that art can do what nature cannot. He is teaching her a new system—that there is no occasion for man to die—that the scheme of creation can be carried on upon the plan of the funding system—that it can proceed by continued additions of new beings, like new loans, and all live together in eternal youth. Go, count the graves, thou idiot, and learn the folly of thy arithmetic!!”

Thus, Madam, has a retired individual, who neither holds nor ever has held any place under government, who neither expects nor wishes for any benefit from the taxes under the present or any future minister, who never was and never will be attached to any political party whatever, laid before you his plain and honest sentiments upon the alarming situation of the country; and if he has rightly conceived of those principles you entertain, he firmly believes that your Royal Highness is destined to preserve the kingly power in this country, which at all times is best done and in these times can perhaps only be done by due attention to the rights and liberties of the people. The next subject, therefore, upon which he intends to lay his sentiments before you in the progress of that work he proposed at the beginning of this address to dedicate to your service, will be upon a topic of vital consequence, as he believes, not only to the power and happiness of the country, but to the safety of the throne and of every great constitutional establishment in the kingdom: he means **A RESTORATION TO THE PEOPLE OF ENGLAND OF THEIR LEGAL RIGHTS IN ELECTING MEMBERS OF THE HOUSE OF COMMONS ACCORDING TO THE TRUE SPIRIT AND MEANING OF THE ENGLISH CONSTITUTION.**

This is a subject that will speedily call for the undivided attention of every well-wisher of his country; for as a departure from the meaning of the laws in this respect has been the primary cause of all the evils that now oppress the country, so without a restoration of those laws in their full meaning there can be no security that any law, which the most profound wisdom could suggest, can be of any avail for the salvation of the country; and the ministers of the crown should be well aware that if the grievous distress, not to say ruin of the great mass of the people should be plainly traced to the perversion of these laws for the exclusive interest of a few individuals, the ministers of the crown and all their aiders and abettors are incurring no less a crime by the constitution of England than that of **TREASON**; the justice and reasonableness of which, considering the consequences that follow the crime of Treason, must be apparent to every thinking man, and particularly to such as through no fault or folly of his own finds himself “suddenly hurled from wealth to poverty; from affluence to distress:” for, madam, you may believe, that this great country, over which I hope and trust you are destined to reign, is too full of knowledge and of courage to allow itself to sink without seeing where the mischief lies, and without holding the government responsible for all the ruin that comes over it, save and except it comes by the hand of God.



